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THE DESIRE OF
MEN WHO PRE-
FER AN IMPORT-
ED STRAW HAT
CAN BE NET DE-
CISIVELY IN THE
ROATER BLOCK PRE-
SENTED BY FINCH-
LEY. SELECT BRAID
AND TRIM LINES.

FOUR DOLLARS

Cravats, Gloves, Hosiery,
Shirts, Pajamas, Under-
garments, Collars, etc.FINCHLEY
3 West 46th Street
NEW YORKB P.D.Q. or
U'll B Lonesome

BETTER get under cover P. D. Q.—get your head under a cool and comfortable Straw—or you'll soon be as lonesome and conspicuous going around in a hot and heavy felt hat as a barefoot man on Broadway.

A sure way to make sure of right style and right quality at a right price is to come here—all you have to think of is how the hat looks when you try it on—whether it's the right style for your style of face. We vouch for everything else. And if you wish we can also help you in picking the height of crown and width of brim that will set off your particular style of good looks to best advantage—we have made a study of fitting men's faces as well as of fitting their heads.

Strictly 1921 styles and plenty of them—including the new narrow-brim Bell-crown straw now so popular with young men. And strictly 1921 prices. \$3, \$4, \$5 and \$6. And at each price you get a heaping measure of bedrock value—the Fifth Avenue label doesn't cost you a single penny extra.

Ackerman
I Sell Just Two Things
Hats and Satisfaction
208 Fifth Avenue at Madison St.
through to 1128 Broadway
America's Largest Hat Shop



In 5-lb. lots or more—Bean or ground.
A Favorite Blend For Family Use.
Sold Direct From Roaster to You at
Wholesale Price.
Save retailer's profit and delivery
expenses by coming or sending to
our wholesale department.
Delivered in Greater New York and
within 200 miles at... 25¢ lb.
Sample Mixed Tea (1 lb. or more)... 25¢
Satisfaction Guaranteed or Money Back
Open Saturday Until 9 P. M.
GILLIES COFFEE CO.
210-212 Washington Street, New York
Brooklyn, N. Y. Phone 9857. Est. 81 Years.

Kennedy
12 Boulevard
MEN'S FINE STRAW HATS
Cool, Comfortable and Dressy.
SENNITS
In all prevailing
Models and Brims
\$2.65-\$3.45-\$4.
MACKINAW, \$3.40
BANKOKS, \$4.00-56
PANAMAS, \$5 and up
Outing Hats & Caps 65c to \$2.
Tweeds, Silks and Mohairs.

Floy's Service, Inc.
**PLANNED
ADVERTISING**
116 West 52nd Street, N.Y.C.
BOSTON CLEVELAND SPRINGFIELD

**ZANE GREY
WEEK**
You can get them
everywhere. This is
now—the new
novel, "The Hunter's
Ride," "The
Man of the Forest," and "Tales of
Plains," the three newest books by
this best-selling author in America.
Harper & Brothers, Est. 1817, N. Y.

An advertisement in the Lost and
Found columns of THE NEW YORK
HERALD offers a real possibility of
recovering your lost property.

U.S. IS SEEKING NEW SOURCES OF INCOME

Mounting Costs of Running
Government Give No Hope
of Lower Taxes.

BURDEN IS SHIFTING

Some Sources of Revenue
Are Rapidly Being Taxed
Out of Existence.

BONUS BILL A SPECTRE

Its Passage Would Throw Out
of Joint Nation's Entire
Fiscal Programme.

Herewith is published another of the series of articles by THE NEW YORK HERALD, including the present day expenses of the Washington Government and the problems of taxation. The articles will be continued through this week.

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau,
Washington, D. C., June 2.

Three years ago, when Senator Smoot told Congress that the annual net cost of running the Government, after the war, would be at least \$2,000,000,000, or three times as much as in prewar years, he was accused of giving aid and comfort to the pessimists.

The Government is about to enter its fourth fiscal year after the war, and the only evidence that time has brought against Senator Smoot is that he did not aim high enough by at least one billion and, possibly, two billions of dollars. In the fiscal year 1921 the disbursements have amounted to \$6,000,000,000. In the fiscal year 1922, beginning July 1 next, they will be at least \$5,000,000,000, according to Secretary of the Treasury Mellon, and in 1923 and subsequent years they will run anywhere from \$5,500,000,000 to \$6,000,000,000, depending on whether the soldiers' bonus bill is passed and on whether Congress adopts a policy of genuine economy or keeps on at the present rate of extravagance.

The scandal of where all these billions are going to is of no more intimate concern to the taxpayer than is the problem of where the money is to come from. And if the taxpayer has surmised that all the talk about reduced tax levies was nothing more than talk his guess has been correct. Without heading around the bush it can be stated that while there may be some changes in incidence of certain taxes, like those on corporation profits, the net result will be to bring more and not less money into the public till than would be obtained if taxes remained as they are. The changes in taxes will be made not because too much revenue is received, and therefore the burden can be made lighter, but because the weight of present taxes is breaking down the public carrying capacity and the burden must be shifted. The accompanying table shows the condition of the nation's balance sheet for the current fiscal year and for 1922, compared with 1914.

From that table it appears there is actually a reduction in taxation from \$4,550,000,000 to \$3,700,000,000. So far as the actual receipts of the treasury are concerned there will be a reduction. But that is solely because the present excess profits tax and the super tax on incomes is smaller, although the percentages assessed are unchanged. If the present taxes were retained it is likely that the actual receipts by the Treasury

NATION'S NEW BALANCE SHEET BASED ON MELLON ESTIMATES

COMPARED with 1914, the nation's balance sheet for the fiscal years 1921 and 1922, showing classified receipts and disbursements, on the basis of estimates by Secretary of the Treasury Mellon, will be as follows:

	1914.	1921.	1922.
Receipts:			
Customs	\$292,320,000	\$300,000,000	\$300,000,000
Corp. excise	10,971,000		
Individual and corp. income and profits taxes	60,709,000	3,150,000,000	2,350,000,000
Miscellaneous taxes	308,861,000	1,400,000,000	1,350,000,000
Sale public lands	2,577,000	1,500,000	1,500,000
Miscellaneous receipts	59,740,000	635,567,000	*546,143,000
Postal revenue	287,334,000	1,500,000,000	1,500,000,000
Total receipts	\$1,022,605,000	\$5,987,067,000	\$5,047,643,000
Disbursements:			
Civil and miscellaneous	\$364,186,000	\$1,320,399,000	\$1,201,625,000
War Department	173,522,000	1,027,750,000	569,750,000
Navy Department	139,682,000	697,500,000	545,225,000
Public debt interest	22,862,000	975,000,000	975,000,000
Postal expenditures	283,558,000	565,097,000	543,512,000
Shipping Board		108,345,000	124,500,000
Panama Canal	34,826,000	15,000,000	10,000,000
Debt redemption	109,000	498,754,000	421,354,000
Bank note cancell.	6,949,000	97,724,000	130,000,000
Railroads		805,551,000	545,206,000
Total disbursements	\$1,025,684,000	\$6,102,020,000	\$5,065,875,000
Total receipts	1,022,605,000	5,987,067,000	5,047,643,000
Deficit	\$3,078,000	\$114,953,000	\$18,232,000

*Include \$225,026,000 anticipated interest on foreign obligations held by the United States Treasury.

†Arbitrary estimate, the same amount being added to the net estimated deficit to arrive at total disbursement.

‡In 1914 the sale of \$3,118,000 bonds not included in receipts above left an actual surplus of \$28,000,000.

In 1922 would not be much more than \$2,000,000,000. Secretary Mellon has recommended a change from the excess profits tax to a straight profits tax on corporations. Under this scheme the excess profits tax would give place to a tax of possibly 5 per cent. on profits in addition to the present 10 per cent. tax, making a total of 15 per cent. on all profits whether they would come within the range of the present excess profits tax or not.

The Secretary also has recommended lowering the higher schedules of the income tax on individuals and making the maximum levy forty per cent. for 1922 and about thirty-three per cent. in succeeding years. He estimates that by abolishing the excess profits tax and adopting an additional five per cent. straight profits tax on corporations there would be no loss in revenue, but an actual gain of \$400,000,000 a year. So the death knell of excess profits levy will not mean lower taxes.

The lowering of individual income super-taxes will, it is anticipated, cause a loss this year of from \$200,000,000 to \$300,000,000, but will be more than retrieved next year by the revival of initiative and the recovery in business turnover, which have been reduced by present taxes.

But in order to make up for the loss on individual surtaxes, the secretary recommends an additional tax on automobiles and additional stamp taxes. He also believes that the lowering of income tax schedules will discourage further investment in tax exempt securities and thus increase the volume of income subject to Federal tax. It is evident that here is no reduction in taxes, or even a promise of reduction in future years, but rather a reaching out into additional territory and a scramble to find new sources of tax revenue to take the place of those which are rapidly becoming extinct because they are being taxed out of existence.

And all this is without consideration of the soldiers' bonus bill, which looms like a black cloud on the financial horizon. There is not a sound thinker among the legislators or the Government fiscal officers who does not throw up his hands in dismay at the prospect of what a soldiers' bonus would do to the national budget. This bill is now in committee. Investigation reveals that every effort is being made to postpone the day of the fateful vote upon it. Such are the influences at work in support of this bill that it is sure to become a law if it is voted on before the public grasps the full significance of what it would

mean in delaying readjustment, increasing taxes and throwing the entire fiscal programme out of joint.

The soldiers' bonus, as it is now being considered, means at the very minimum \$2,000,000,000 added to the public debt. It authorizes the payment of from \$500 to \$600 cash in ten instalments to every one of the 4,000,000 men who were in the service. In its present shape the bill would bring the date of the first payment in 1923, when \$750,000,000 of public debt in the shape of Victory notes, Treasury certificates of indebtedness and War Savings securities fall due and must be paid or refunded.

The only way the bonus could be paid in cash would be through the issuance of additional bonds, which would force the Government to go into the money market in competition with its own refunding operation. The result undoubtedly would be the payment of interest rates of 6½ or 7 per cent. on the entire \$7,500,000,000 refunded debt and the \$2,000,000,000 bonus bonds for the cash payments. Such an interest figure would be unprecedented in the history of the country and would itself add \$100,000,000 a year to taxes above the money required for interest at ordinary rates.

But the bonus proposal has other and more ominous provisions. It contains the alternative privileges of the immediate cash payments of \$500 to \$600, which would cost at least \$2,000,000,000, or a deferred cumulative payment reaching a maximum of \$2,000, which in the end would cost the country the enormous sum of \$5,000,000,000, and without considering the principal sum at all, would add \$500,000,000 a year to taxes for interest alone.

That spectre is enough to frighten even the most optimistic. It is not alone its financial aspect that is worrying the leading thinkers. To pay over a period of ten months to millions of workers a sum equivalent in many cases, and more than equivalent in others, to the amount of their wages would mean to encourage idleness, to cut down production and to stimulate extravagance. The effect to this would be small crops, industrial stagnation and possibly national disaster.

There is no certainty that taxes will decrease over the next three or four years even under ordinary conditions. But there is the certainty that if the nation passively allows the bonus bill to become a law taxes will be jacked up higher than they have ever been in peace times and will not come down for the next quarter of a century or even longer.

PATRONAGE POLICY FIXED BY HARDING

Based on Principle That Offi-
ces Belong to Party in
Power.

Special Despatch to THE NEW YORK HERALD.
PHILADELPHIA, June 2.—The Harding Administration and the leaders of Congress have decided upon a definite policy in relation to the distribution of Federal patronage. That policy is based upon the general principle that Federal offices belong to the party in power, not to individuals. Therefore it has been decided that the tenure of Democratic occupancy of Federal offices shall be limited to eight years, the period during which the Democratic party was in power.

Announcement of this policy was made to-night by Senator Penrose. The Senator arrived here from Washington at 6 o'clock. He will remain here several days.

Senator Penrose explained that under the new policy officials who were appointed late in the Wilson Administration to offices which previously had been filled by Democrats, are likely to have their successors appointed in a short time.

Under the new plan no consideration will be given to the fact that various individuals were appointed to a particular office during the years of Democratic control. The plan contemplates the appointment of Republicans to all offices which were filled by Democrats for eight years.

"The plan," said the Senator, "should clearly the atmosphere surrounding Federal appointments. I am now having a record made of the Republican officials who were dismissed from office upon the advent of the Wilson Administration."

Mr. Penrose appeared to be in excellent physical condition. His voice was strong and he walked with a firm step. Mentally he appeared as quick and vigorous as at any time during his long political career.

**PUBLIC DEBT REDUCED
IN MAY, \$42,823,184**

Redemption of Treasury Cer-
tificates Is the Cause.

WASHINGTON, June 2.—A reduction of \$42,823,184 in the public debt during May was announced to-day by the Treasury.

On April 30 the total gross debt stood at \$23,995,564,776, as compared with \$23,952,741,592 May 31.

Redemption of Treasury certificates of indebtedness was mainly responsible for the reduction, Treasury officials explained.

**U. S. WILL NOT PAY FOR
SEIZED GERMAN SHIPS**

Wilson-Lloyd George Agree-
ment Never Ratified.

WASHINGTON, June 2.—Intimations from Paris that the Reparations Commission might take up the question of the status under reparations agreements of the German shipping seized in this country during the war were met here to-day with the statement that any payments to the commission on account of these ships was a question for the United States alone to decide. It was pointed out that when the United States entered the war the ships were taken over by authority of an act of Congress which made the vessels the exclusive property of the American Government.

The Wilson-Lloyd George agreement with regard to the vessels, by which the United States was to pay to the Reparations Commission a certain amount above the value of the ships which was to be applied to the common reparations pool as an offset to claims by the Allies for ships lost during the war, was never ratified by this country.

HUGHES FOR UNION IN CENTRAL AMERICA

Secretary Gives Formal In-
dorsement of Proposal for
Confederation of States.

WASHINGTON, June 2.—Formal indorsement of the Central American Confederation of States was voiced to-day by Secretary Hughes in an address at a luncheon in his honor given by Maximo H. Zepeda, Nicaraguan Foreign Minister. Mr. Hughes said that if the proposal for the confederation were accepted by all the peoples concerned "it would be the opinion of this Government to be a happy result."

"It is difficult to set bounds to what may be accomplished in Central America with a cessation of strife," Mr. Hughes said, "and with earnest endeavor on the part of the Central American republics to secure the full benefits of joint action in order to insure the common prosperity to the largest degree possible. It is not for me to speak of the details of such proposals, for this Government looks solely to the free agreement of the republics concerned, believing that it is only through an agreement freely entered into, because of the conception of its mutual advantages that the hopes which have been entertained may be realized."

Nicaragua is the only Central American country which has not ratified the plan of confederation. In assuring Nicaraguans of the cooperation of the United States, Mr. Hughes said that "the expressions of our national policy, which refer to our own interests and security, merely mean that we find that security and our welfare in the maintenance of the institutions of liberty and justice and that our aspirations may be fulfilled by conditions which will permit the realization of yours."

"There is, of course, no assurance of peace unless we prize the processes of peace. It is hoped that all remaining boundary controversies in this hemisphere may yield to peaceful methods, and this great source of disturbance and unrest may finally be removed."

**SEIZING 200 CITIZENS
TO GET MURDER JURY**

Bay State Judge Resorts to
Drastic Expedient.

DEDHAM, Mass., June 2.—Seizure of 200 townspeople from the streets and homes of Norfolk county towns was ordered by the court to-night to hasten the work of obtaining a jury to try Nicola Sacco and Bartolomeo Vanzetti for murder of a paymaster and his guard at South Braintree a year ago.

The venire of nearly 500 had been exhausted to find only seven jurors. The court then ordered the Sheriff to seize the 200 and report with them at 10 o'clock to-morrow morning.

PUBLISHER NAMED GOVERNOR.

WASHINGTON, June 2.—Wallace R. Farrington of Honolulu, Hawaii, publisher of the Honolulu Star-Bulletin, was nominated to-day by President Harding to be Governor of Hawaii, succeeding George J. McCarthy, resigned.

The People's Investment

Last year mortgages guaranteed by the
Bond & Mortgage Guarantee Company were
sold by us as follows:

To Individuals	\$20,000,000
" Trustees	\$10,000,000
" Savings Banks	\$3,000,000
" Corporations	\$4,000,000
" Institutions	\$1,000,000

People as a whole are learning the safety and
convenience of the Guaranteed Mortgage.

You can buy a whole mortgage or a piece
of a mortgage represented by a Certificate.
Our average Certificate last year amounted
to about \$2,000 but we are prepared to take
any sum from \$200 up. No charge is made
to the investor.

Title Guarantee & Trust Co.

Capital \$6,000,000. Surplus \$11,000,000.
176 Bway., New York. 175 Rensselaer St., Bklyn.

Stern Brothers

West 42nd and 43rd Streets

**Awnings, Window Shades
and Slip Covers**

for FURNITURE and HANGINGS

Made-to-Order at Moderate Prices

The Upholstery Department (Fourth Floor) is
now showing a wide selection of dependable
fabrics suitable for the above requirements.

LACE CURTAINS CLEANED

At reasonable prices, and if desired they will
be stored Free of Charge during the
Summer Months.

Draperies Stored at Minimum Rates.



ENGLISH SPORTS CLOTHING FOR YOUNG MEN

Young American business men now
give over the week-end almost entirely to
out-door sports. Hence, it is essential that
their wardrobes should be well supplied
with the proper clothes for golf, tennis
and general out-door wear.

Our assortments include four-piece
English sport suits consisting of sporting
jacket, waistcoat, knickerbockers and long
trousers, washable knickerbockers made
of imported English oyster linens and
outing trousers in English cricket flannels.

We also present all the accessories of
dress, including headwear, footwear and
furnishings for sports wear.

DE PINNA

Fifth Avenue at 50th Street

**Beginning This Morning
The First Break!**

**ALL OUR \$50
YOUNG MEN'S SUITS**

Reduced to

\$38

**Do yourself the favor to be
here—that's all we have to say!**